

Outsourcing in the Information Technology Market

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- U.S. Commercial Projects
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ACC 3/94-49

Notes



Revolutions

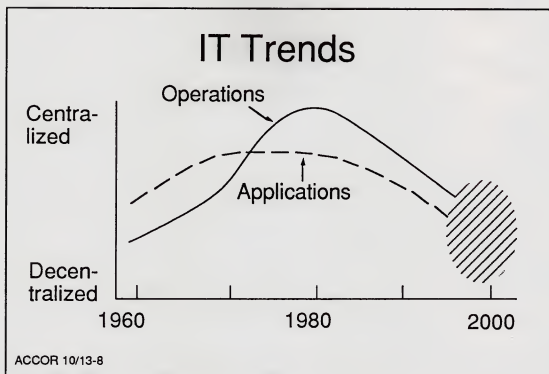
- Downsizing
- Outsourcing
- Re-engineering
- Networking

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IS-94a

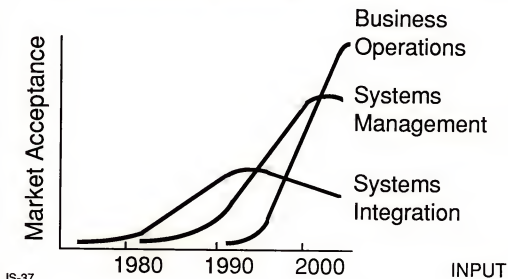
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Outsourcing Market Waves



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IS Outsourcing Areas

1. Systems operations
2. Applications management
3. Network operations
4. Desktop services

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OU-7

Notes

Relationship of Age of Contract to Satisfaction



SK-9

Notes

Benefits Expected from Outsourcing

- Cost reduction/containment
- Better flexibility
- Improved services level
- Better technical support

SK-7

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Notes



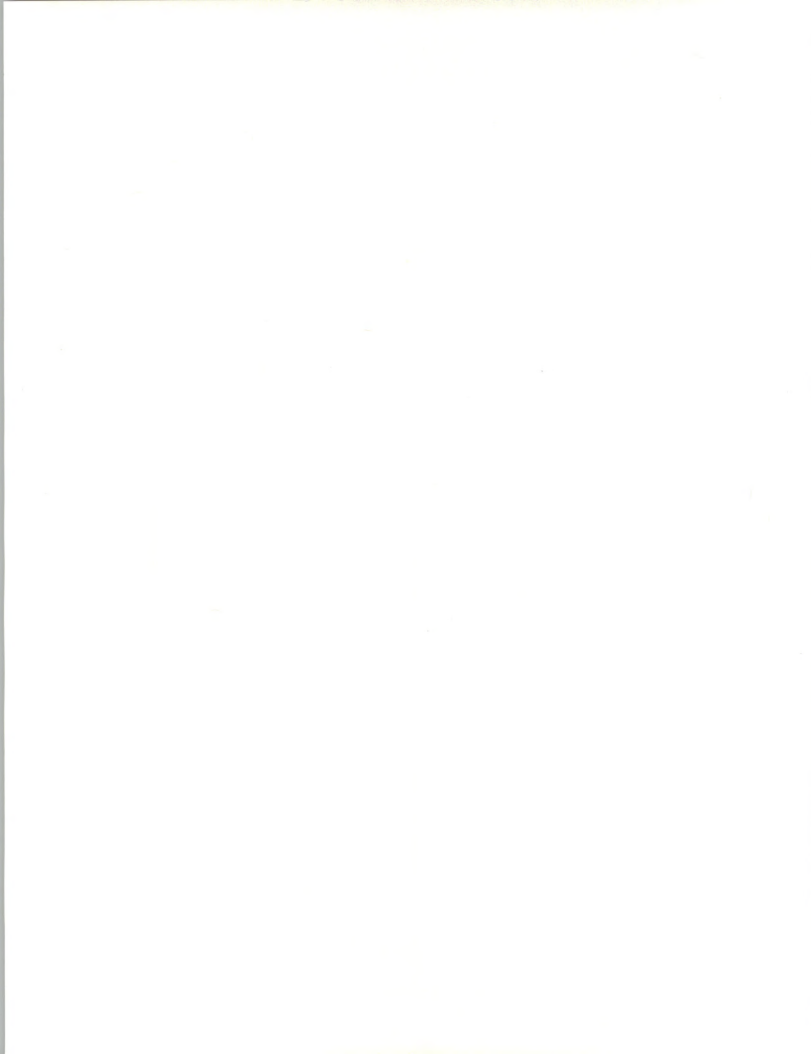
Transition Management

- Requires outsourcer as agent of change
- Transition difficult to accomplish
- Transition takes time
- Dual operational environments required

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Notes



U.S. Commercial Projects

- Xerox—\$3b
- McDonnell Douglas—\$3b
- General Dynamics—\$3b
- Equifax—\$650m

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Xerox

- “\$3b” for “8-10” years
- Global coverage
- Won on price

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Notes

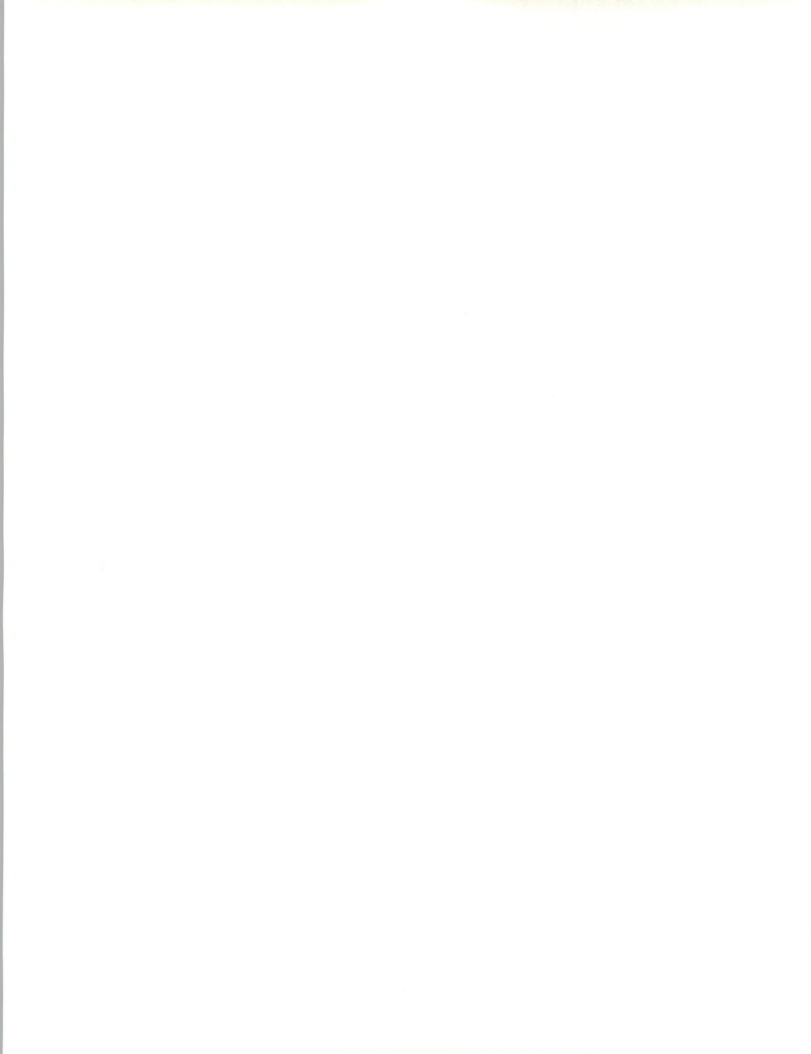
Xerox

- \$100m purchase of IT assets
- 2000 of 2,700 people transferred
- Reasons
 - Cost savings
 - Reorganization
 - Improve productivity

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Notes



Xerox

- Data center operations
- Voice and data telecom
- Desk top services
- Some business applications support

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Outsourcing Contract

CSC—General Dynamics

- \$3 billion over ten years
- 2,600 people transfer to CSC
- Applications management/processing
- Culture=2 defense contractors

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OU-200

Notes:



ISSC - McDonnell Douglas

- \$3 billion over 10 years
- Responsible for all IT and communications
- Staff and facilities transferred
- Unisys large subcontractor

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OU-141

Notes:



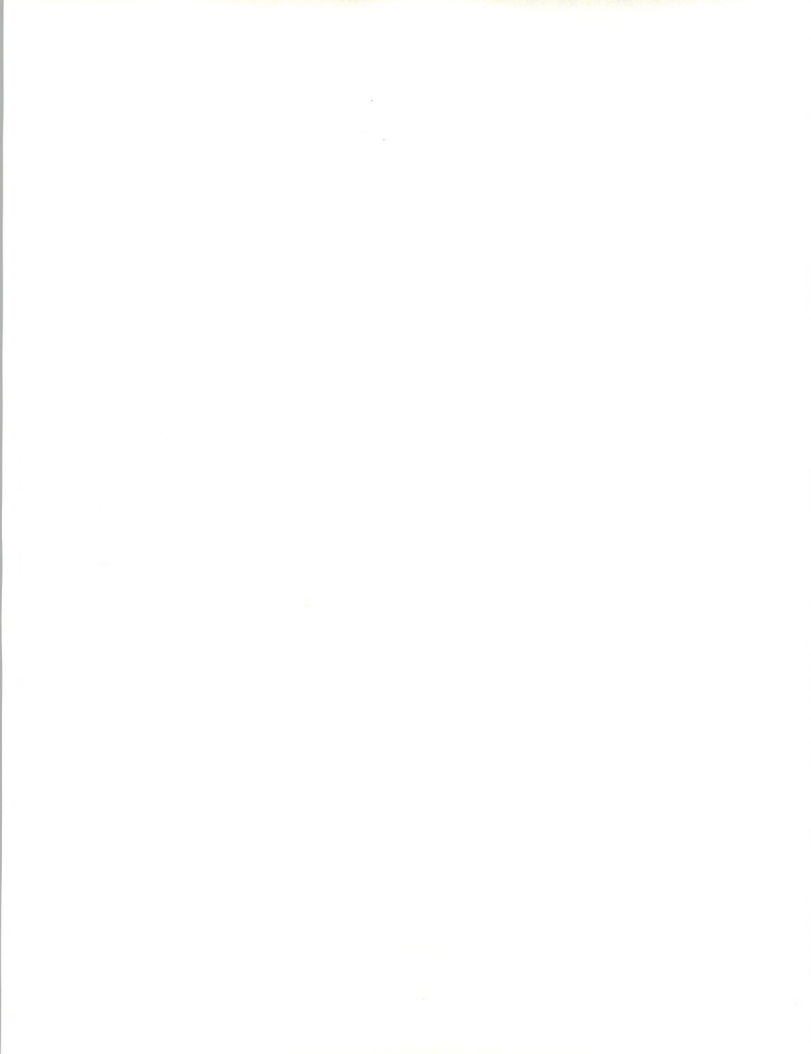
Equifax

- Network management, data center management
- Free internal staff for development
- Enhanced network reliability
- Improve customer support

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Notes



U.K. Inland Revenue

- \$2b over ten years
- Transfer of 13 data centers in April 1994
- Eventual transfer of 2000 civil servants

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Notes



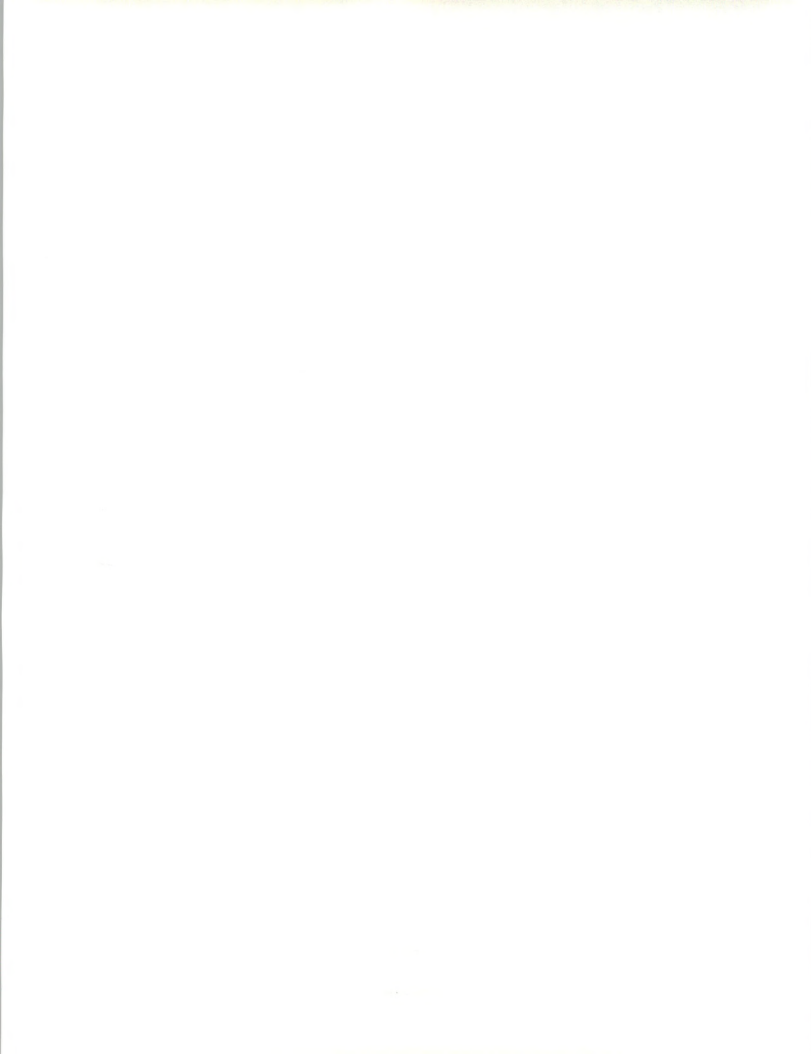
DVOIT Agency

- IT arm of Drivers and Vehicle Licensing Agency
- Five year contract with Department of Transport
- Transfer of 370 staff
- First Government Executive Agency to be privatised (Nov. '93)

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Notes



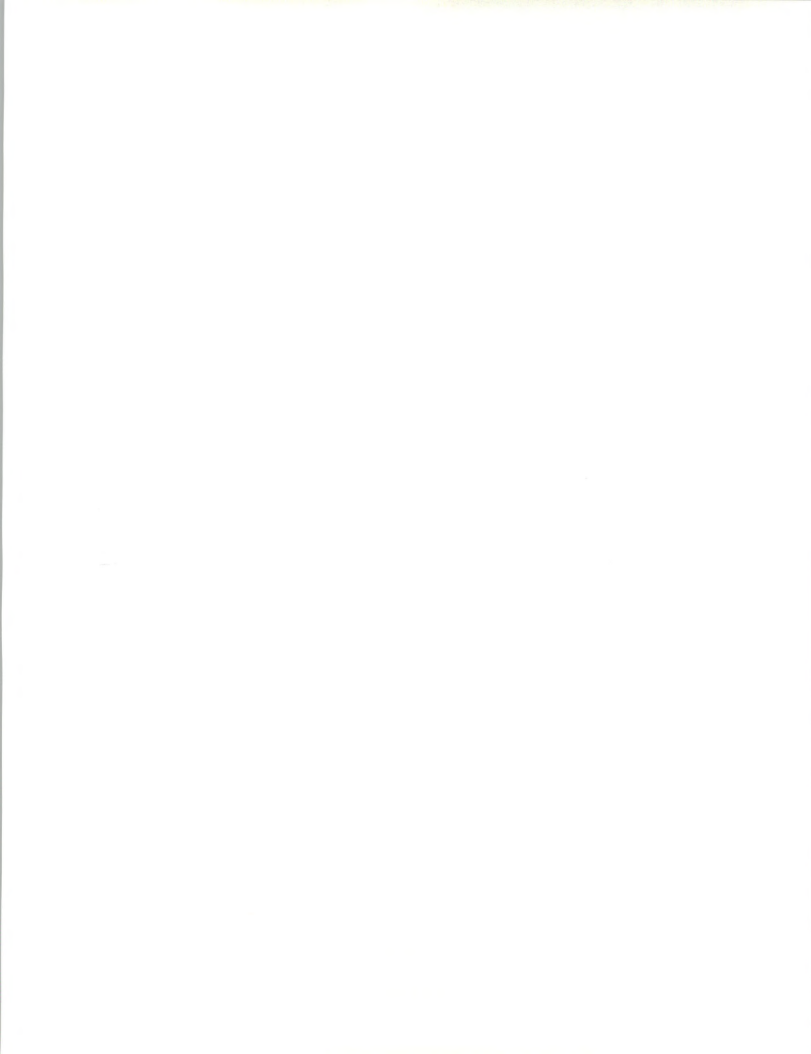
British Aerospace

- \$1.5b over ten years
- Aiming for cash injection and cost reduction
- Outsourcing consistent with corporate policy
- Award targeted for April 1994

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Notes



IT Outsourcing in U.S. Federal Government

- Nothing major new in 1993/'94
- NASA and DOE have O&M contracts
 - Include IT operations
- CORN from DOT/FAA last major

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Notes



IT Outsourcing in U.S. Federal Government

- Contract “parts” rather than “whole”
- Procurement process barriers
 - Limited focus easier
 - Vendor availability limitations

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IT Outsourcing in U.S. Federal Government

- Policy not process issue
- Resistance from unions

ACC 3/94-61

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Conclusion

- IT outsourcing wave is building
 - U.S.
 - Japan
 - Europe
- Different forms
- Vendor availability improving

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ACC 3/94-62

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Outsourcing in the IT Market

Unisys 3/31

Category	#	HC	SL	Category	#	HC	SL
ACC 3/94	48	✓	✓				
MS - 1305	35	✓	✓				
ACC 3/94	49	✓	✓				
IS 94	94a	✓	✓				
ACCOM 10/13	8	✓	✓				
IS	37	✓	Ⓢ				
OU	7	✓	✓				
SK	9	✓	✓				
JK	7	✓	✓				
ID	98	✓	✓				
ACC 3/94	50	✓	✓				
	53	✓	✓				
	54	✓	✓				
	55	✓	✓				
OU	260	✓	Ⓢ				
OU	141	✓	✓				
ACC 3/94	52	✓	✓				
ACC 3/94	56	✓	✓				
ACC 3/94	57	✓	✓				
ACC 3/94	58	✓	✓				
	59	✓	✓				
	60	✓	✓				
	61	✓	✓				
	62	✓	✓				

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